

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

***88 DOORS CORPORATION., COMPLAINANT
(Represented by Altus Group Ltd.)***

and

The City Of Calgary, RESPONDENT

before:

***Board Chair P. COLGATE
Board Member J. KERRISON
Board Member J. JOSEPH***

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2011 Assessment Roll as follows:

ROLL NUMBER: 071051700
LOCATION ADDRESS: 3604 12 AVENUE SE
HEARING NUMBER: 62163
ASSESSMENT: \$761,000.00

This complaint was heard on 20 day of September, 2011 at the office of the Assessment Review Board located at Floor Number 4,1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- *David Mewha, Altus Group Ltd. – Representing 88 Doors Corporation.*

Appeared on behalf of the Respondent:

- Blair Brocklebank – *Representing the City of Calgary*
- Nathan Domenie – *Representing the City of Calgary*

Board's Decision in Respect of Procedural or Jurisdictional Matters:

The Board derives its authority to make this decision under Part 11 of the Municipal Government Act. The parties had no objections to the panel representing the Board as constituted to hear the matter. No jurisdictional or procedural matters were raised at the outset of the hearing, and the Board proceeded to hear the merits of the complaint.

Property Description:

The subject property is an up/down four-plex located in the southeast community of Albert Park/Radisson Heights in Market Area 5. The structure has been classified as good quality.

Issue:

1. Is the City of Calgary rental rate fair in relation to actual rental rates charged for the subject units?
2. Is the subject assessed equitable in comparison to similar properties?

Complainant's Requested Value: \$548,000.00

Board's Decision in Respect of Each Matter or Issue:

Complainant's Evidence:

As background information the Complainant submitted the 2011 City of Calgary Property Assessment Notice, the Multi-Residential Detail Report and the Assessment Summary Report, and a photograph of the subject and location map. (C1, Pg. 5-9) The Complainant noted the increase from the 2010 assessment of \$570,000.00 to the 2011 assessment of \$761,000.00

The Complainant provided the 'Transaction Detail by Account' reports for the subject property, covering the months of July and December, 2010. For July, 3 units were rented at rates ranging from \$950.00 to \$1095.00 per month. For December, four units were rented at ranges ranging from \$845.00 to \$975.00 per month.

The Complainant is requesting rates of \$1000.00 per unit per month versus the current City of

Calgary rate of \$1250.00 per month.

The Complainant submitted a set of five sale comparables – three four-plex structures, 1 six unit structure and 1 seven unit structure. The median assessment per suite was \$137,000 and median sale price per suite was \$137,500. Supporting documents in the form of City of Calgary Assessment Summary Reports and Alberta Data Search reports were submitted. (R1, Pg.14-22)

Respondent's Evidence:

The Respondent submitted an aerial photograph to show the location of the subject property (R1, Pg. 23) and a total of sixteen photographs of the subject taken from either the MLS website listing or Google maps. (R1, Pg. 25-31, 35-37)

The Respondent included the MLS listing in the submission, which indicated a list price of \$589,000 on June 10, 2010. (R1, Pg 24)

A copy of the 2011 Multi-Residential Detail Report was entered as evidence showing the structure was currently assessed for 4 three bedroom suites at a rate of \$1250.00. The Respondent testified the structure was classified as a good quality. (R1, Pg. 33)

A single page from the 2012 assessment Request for Information (ARFI) form indicated four units with an average rent per month of \$890.00. (R1, Pg. 34)

The Respondent supplied rent information from three properties indicating an average rent rate of \$1262.00 per suite to support the rent rate of \$1250 applied to the subject property. (R1, Pg 40)

A comparison chart of the subject and two sales showed the assessment value supported by the time adjusted sale price. Comparable 1 was assessed for \$563,436.00 with a sale price of \$575,000.00. Comparable 2 was assessed for \$662,418.00 with a time adjusted sale price of \$603,200.00. (R1, Pg. 41) The sales information was provided for both comparables from an MLS listing and a RealNet report. (R1, Pg 42-45)

The Respondent provided two different equity comparison tables – one comparing to four-plexes, classified as good quality structures and the second, comparing to four-plexes classified as average quality. (R1, Pg. 46-47)

A review of the Complainant's comparables was submitted which outlined the Respondent's Challenge to each property. The property at 1403 43 Street SE is a condominium building. The properties at 1726 41 Street SE and 1709 37 Street SE are classified as low-rise apartment buildings due to the number of units in each and are there for grouped differently than the subject for analysis. 1828 42 Street SE and 2223 48 Street SE, while identified as four-plexes are classified as average quality in comparison to the good quality classification of the subject property.

In testimony the Respondent stated the subject had been reviewed as a result of the 2010 MLS listing and the increase may have been the result of the information contained regarding the upgrades done to the subject or possibly a reclassification of the property.

Upon request from the Board the Respondent obtained additional information with respect to the 2010 classifications for the subject. It was determined in 2010 the main structure had been classified as a good quality side-by-side duplex and a detached garage. On the basis of the classification the property was assessed using the variables and coefficients of the residential model. (Exhibit R2). The Board notes the Complainant had no objection to the additional information being obtained and presented to the Board in order to clarify the information of the assessment.

Findings of the Board

Complainant's Submission:

The evidence submitted with respect to actual rental rates for the subject raise serious questions when compared to the typical rental rates assigned by the City of Calgary. The difference between the highest rent of \$1095.00 for the subject compared to Respondent's rate of \$1250.00, when taken into consideration with the Respondent's 'average' comparable table, begs the question is the subject correctly classified as to quality.

With regard to the two equity comparables at 1828 42 Street SE and 2223 48 Street SE, the Board would like to have seen better supporting documentation, especially photographs, in order to ascertain the similarity with the subject.

Upon review the Board agrees with the Respondent and finds three of the sale comparables provided by the Complainant are not comparable to the subject and are rejected from the decision process. 1403 43 Street SE is a condominium, so each unit is assessed separately. 1726 41 Street SE and 1709 37 Street SE are both classified as apartment buildings due to the number of units.

Respondent's Submission:

The Board looked closely at the MLS listing page provided by the Respondent with special attention to the list price of \$589,000.00, which is substantially lower than the assessed value of \$761,000.00. The rents being charged at the time of the listing, ranging from \$950.000 to \$1045.00 per suite, again lower than the rate of \$1250.00 used by the City of Calgary in the determination of the assessment.

The Board found the assessment and the rental rates charged by the City of Calgary for the subject building were not supported by the evidence provided. The Assessed value of \$761,000.00 is more than the list price shown on the MLS listing. Under questioning by the Complainant, the Respondent agreed most sales are for less than the listed value. The City of Calgary rental rates are not supported by the MLS listing evidence submitted by the Respondent.

The Board finds the photographs are less than convincing as to the quality classification placed on the subject property.

The additional information requested and supplied by the Respondent clarified the sequence of

events with respect to the property under complaint. Historically the property had been assessed as a single residential duplex until the City of Calgary became aware of the changed use of the structure. The information came to the City of Calgary through the June 10, 2010 Multiple Listing Service (MLS) which identified the 'illegal basement suites' and the rents being collected for the suites – 'current rent is \$1045 for upper, lower\$845 and 524 upper is \$975 lower is \$950 Garage \$200 Parking \$35. Tenants pay utilities'. The question of duplex versus four-plex status is satisfied again by the MLS information which states "separate entrances and have full set of appliance; laundry is not shared.'

Overall the Board finds the evidence supplied by the Respondent did not support the valuation of the subject property –

- the list price significantly lower than the assessment value
- the rental rate used by the City of Calgary higher than the actual rents charged
- photographic evidence does not appear to support the quality classification
- the comparables provided for average four-plexes (R1, Pg 47) have typical rents more similar to the actual rents of the subject

Board's Decision:

The Board finds the evidence submitted by the Complainant more compelling. The Board found the Respondent's evidence was not supportive of the position being defended with respect to the rental rates or equity comparables.

The Board finds in favour of the Complainant and accepts the requested assessment value.

The Board reduces the assessment to \$548,000.00

DATED AT THE CITY OF CALGARY THIS 8 DAY OF NOVEMBER 2011.


Philip Colgate
Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. R2	Respondent Disclosure (requested by the Board)

An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.

Any of the following may appeal the decision of an assessment review board:

- (a) the complainant;*
- (b) an assessed person, other than the complainant, who is affected by the decision;*
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) the assessor for a municipality referred to in clause (c).*

An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to

- (a) the assessment review board, and*
- (b) any other persons as the judge directs.*

FOR ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Residential	Townhouse	Income Approach	- Equity Comparables -Net Market Rent/Lease Rates